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November 8, 2000

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
445 Twelfth Street, NW
Room TWB-204
Washington, DC 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Re: Notice of Ex Parte Presentation: Request for Emergency Relief of
the Minnesota CLEC Consortium and the Rural Independent
Competitive Alliance, DA 00-1067; Mandatory Detariffing of CLEC
Interstate Access Services, DA 00-1268; Access Charge Reform, CC
Docket No. 96-262.

Dear Ms. Salas:

Yesterday, Bob Quinn and I met with Dorothy Attwood, Jane Jackson,
Glenn Reynolds, Jeff Dygert, and Tamara Preiss regarding the referenced
proceedings. We used the attached document as an outline for our discussion.

In accordance with Section 1.1206 of the Commissions rules, I have
submitted two copies of this Notice for each referenced proceeding.

Sincerely,

A handwritten signature, likely of Patrick H. Merrick, consisting of a stylized 'P' and 'M'.

cc: D. Atwood
J. Dygert
J. Jackson
T. Preiss
G. Reynolds

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2000 Projected High Priced CLEC Access Expense

Based On Run-Rate As Of August Billing (no growth projection)

	Annualized MOUs			Composite Rates				Percent Difference		Expense				Price Charged Over ILEC Rate		
				CLEC		ILEC				CLEC		ILEC				
	Interstate	Intrastate	Total	Interstate	Intrastate	Interstate	Intrastate	Interstate	Intrastate	Interstate	Intrastate	Interstate	Intrastate	Interstate	Intrastate	Total
1	285,295,500	133,896,537	419,192,037	\$0.0236850	\$0.0336928	\$0.0058738	\$0.0200739	303%	68%	\$6,757,224	\$4,511,349	\$1,675,763	\$2,687,830	\$5,081,460	\$1,823,519	\$6,904,979
2	162,272,070	154,185,614	316,457,684	\$0.0661165	\$0.0577340	\$0.0058738	\$0.0200739	1026%	188%	\$10,728,861	\$8,901,752	\$953,151	\$3,095,112	\$9,775,711	\$5,806,640	\$15,582,351
3	141,016,424	123,227,616	264,244,040	\$0.0362445	\$0.0486596	\$0.0058738	\$0.0200739	517%	142%	\$5,111,063	\$5,996,207	\$828,300	\$2,473,663	\$4,282,763	\$3,522,544	\$7,805,307
4	154,523,743	100,974,345	255,498,088	\$0.0747900	\$0.0747900	\$0.0077410	\$0.0076960	866%	872%	\$11,556,831	\$7,551,871	\$1,196,168	\$777,099	\$10,360,662	\$6,774,773	\$17,135,435
5	197,983,954	57,384,983	255,368,938	\$0.0243480	\$0.0295099	\$0.0045183	\$0.0098673	439%	199%	\$4,820,513	\$1,693,424	\$894,541	\$566,232	\$3,925,972	\$1,127,192	\$5,053,164
6	203,103,026	52,253,866	255,356,892	\$0.0359746	\$0.0501000	\$0.0058738	\$0.0200739	512%	150%	\$7,306,550	\$2,617,919	\$1,192,983	\$1,048,941	\$6,113,567	\$1,568,978	\$7,682,545
7	138,096,131	91,437,131	229,533,263	\$0.0773440	\$0.0773684	\$0.0047627	\$0.0209267	1524%	270%	\$10,680,907	\$7,074,345	\$657,714	\$1,913,477	\$10,023,193	\$5,160,868	\$15,184,061
8	134,170,592	45,856,966	180,027,557	\$0.0224375	\$0.0243996	\$0.0056910	\$0.0169690	294%	44%	\$3,010,453	\$1,118,889	\$763,565	\$778,147	\$2,246,888	\$340,742	\$2,587,630
9	164,028,026	1,888,291	165,916,317	\$0.0125110	\$0.0068251	\$0.0058738	\$0.0200739	113%	(66%)	\$2,052,155	\$12,888	\$963,465	\$37,905	\$1,088,690	(\$25,018)	\$1,063,672
10	97,476,400	17,551,305	115,027,705	\$0.0523409	\$0.0239202	\$0.0058363	\$0.0158541	797%	51%	\$5,102,000	\$419,830	\$568,897	\$278,260	\$4,533,103	\$141,570	\$4,674,674
11	61,440,337	24,869,778	86,310,115	\$0.0461765	\$0.0370181	\$0.0049737	\$0.0198662	828%	86%	\$2,837,102	\$920,631	\$305,585	\$494,067	\$2,531,517	\$426,564	\$2,958,081
12	47,876,079	35,515,074	83,391,153	\$0.0946169	\$0.0931414	\$0.0058738	\$0.0200739	1511%	364%	\$4,529,886	\$3,307,924	\$281,214	\$712,927	\$4,248,673	\$2,594,996	\$6,843,669
13	72,459,110	1,176,058	73,635,168	\$0.0594900	\$0.0584140	\$0.0055827	\$0.0239306	966%	144%	\$4,310,592	\$68,698	\$404,515	\$28,144	\$3,906,077	\$40,554	\$3,946,632
14	61,425,123	10,671,004	72,096,126	\$0.0200531	\$0.0241902	\$0.0046190	\$0.0181505	334%	33%	\$1,231,762	\$258,133	\$283,723	\$193,685	\$948,040	\$64,449	\$1,012,489
15	47,518,595	20,642,191	68,160,786	\$0.0483410	\$0.0360763	\$0.0060645	\$0.0241484	697%	49%	\$2,297,096	\$744,693	\$288,177	\$498,476	\$2,008,920	\$246,217	\$2,255,137
16	41,097,514	15,680,561	56,778,075	\$0.0103141	\$0.0125573	\$0.0058738	\$0.0200739	76%	(37%)	\$423,884	\$196,906	\$241,398	\$314,771	\$182,486	(\$117,865)	\$64,621
17	36,513,147	18,761,757	55,274,904	\$0.0848167	\$0.0634623	\$0.0058738	\$0.0200739	1344%	216%	\$3,096,925	\$1,190,664	\$214,470	\$376,622	\$2,882,454	\$814,042	\$3,696,496
18	24,017,798	27,170,968	51,188,765	\$0.0424115	\$0.0300850	\$0.0046560	\$0.0046560	811%	546%	\$1,018,631	\$817,439	\$111,827	\$126,508	\$906,804	\$690,931	\$1,597,734
19	39,788,722	1,153,665	40,942,387	\$0.0744683	\$0.0738710	\$0.0046190	\$0.0206590	1512%	258%	\$2,963,000	\$85,222	\$183,784	\$23,834	\$2,779,216	\$61,389	\$2,840,605
20	23,651,678	16,741,860	40,393,538	\$0.0080479	\$0.0198185	\$0.0056777	\$0.0219600	42%	(10%)	\$190,346	\$331,799	\$134,286	\$367,651	\$56,059	(\$35,852)	\$20,207
21	25,195,867	8,103,796	33,299,663	\$0.0996385	\$0.0676665	\$0.0052122	\$0.0206044	1812%	228%	\$2,510,478	\$548,356	\$131,325	\$166,974	\$2,379,153	\$381,382	\$2,760,535
22	18,881,293	7,603,685	26,484,978	\$0.0391600	\$0.0420385	\$0.0046190	\$0.0234950	748%	79%	\$739,391	\$319,648	\$87,213	\$178,649	\$652,179	\$140,999	\$793,178
23	25,349,060	99,176	25,448,236	\$0.0831090	\$0.0935030	\$0.0054030	\$0.0199218	1438%	369%	\$2,106,735	\$9,273	\$136,961	\$1,976	\$1,969,774	\$7,298	\$1,977,072
24	9,053,054	9,287,645	18,340,699	\$0.0405610	\$0.0162750	\$0.0046560	\$0.0046560	771%	250%	\$367,201	\$151,156	\$42,151	\$43,243	\$325,050	\$107,913	\$432,963
25	8,401,304	2,952,471	11,353,775	\$0.0745335	\$0.0485034	\$0.0047605	\$0.0387763	1466%	25%	\$626,179	\$143,205	\$39,994	\$114,486	\$586,184	\$28,719	\$614,903
26	10,930,056		10,930,056	\$0.0350000		\$0.0046560	\$0.0046560	652%		\$382,552	\$0	\$50,890	\$0	\$331,662	\$0	\$331,662
27	6,920,379	3,721,203	10,641,582	\$0.0388400	\$0.0395990	\$0.0054030	\$0.0394660	619%	0%	\$268,788	\$147,356	\$37,391	\$146,861	\$231,397	\$495	\$231,892
Others	122,543,303	67,573,000	190,092,744	\$0.0545651	\$0.0521120	\$0.0053795	\$0.0240761	914%	116%	\$6,686,593	\$3,521,367	\$659,223	\$1,626,894	\$6,027,370	\$7,654,264	\$13,681,633
Totals	2,361,028,283	1,050,380,546	3,411,385,271							\$103,713,698	\$52,660,943	\$13,328,674	\$19,072,432	\$90,385,024	\$33,588,512	\$123,973,536

High-Priced CLEC Access Rates

- Billed dollars for switched access services from high-priced CLECs is growing rapidly
- The run-rate for 2000 is almost triple that of 1999
- If unchecked, these overcharges to AT&T could reach \$500M per year in less than two years
- For the IXC's, this could grow to be a \$1B problem in the next year or two

High-Priced CLEC Access Rates

- There are close to 1,000 CLECs that have filed with NECA to provide switched access services
- Of these, almost 500 are facilities-based or partially facilities-based, the rest are resellers
- Approximately 150 CLECs bill AT&T directly, the rest through a Meet-Point Billing arrangement with the ILEC
- The almost without exception the CLECs that bill AT&T through the ILEC charge the ILEC rate

High-Priced CLEC Access Rates

- AT&T has signed agreements with about 28 CLECs for switched access services
- Only about 125 of the 1,000 CLECs charge rates higher than the ILEC
- About 75 CLECs charge rates higher than 2.5 cents

* This is higher than the ILEC rate because many of these CLECs are in the process of ramping down the prices they charge AT&T

High-Priced CLEC Access Rates

- Legitimate costs for providing services are not the driving factor for most high-priced CLECs in setting rates
- The more common factors include:
 - Revenue sharing with their end-user customers
 - Cross-subsidies for the telecommunications services they offer that are truly competitive
 - | Local exchange service
 - | Their own LD product
 - Funding for other service offerings
 - | DSL
 - | Cable TV
 - | Internet services
 - Additional profits

High-Priced CLEC Access Rates

- More than 99.7% of the switched access MOUs billed to AT&T come from non-rural CLECs
- About 54% of the switched access minutes AT&T is billed come from CLECs with whom AT&T has a contract
- Of the other 46% of billed MOUs from CLECs
 - The top five states account for 27%
 - | CA, NY, IL, FL, and PA
 - The next five states account for another 10%
 - | TX, GA, SC, NC, and MI
 - The bottom 20 states only account for about 0.3%
 - | AK, HI, NE, NM, UT, VT, WY, NV, ID, WA, DE,
 - | OR, WV, AR, ME, SD, CT, MS, MT, and RI